DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY, EUROPE, AND SEVENTH ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF, PERSONNEL
UNIT 29351
APO AE 09014

AEAGA-IM

JUL 2 6 2000

MEMORANDUM FOR HQDA, ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT, ATTN: DAIM-MD, 600 ARMY PENTAGON, WASHINGTON, D.C. 20310

SUBJECT: USAREUR Cost Management/Activity Base Costing (CM/ABC) Implementing Plan for Base Operations and Support (BOS)

1. The USAREUR BOS CM/ABC implementation plan is attached at Enclosure. This plan identifies major roles and responsibilities of USAREUR organizations and outlines a 3-Phase implementation schedule for development of models and expansion to other USAREUR installations. We indicate in the plan that the schedule may change based on lessons learned in Phase 1- Prototype Development. We will provide you a copy of the revised plan should that occur.

2. Dates for CEAC training and prototype development at two USAREUR installations are scheduled as follows:

> Prototype Session 1:   **26th ASG/411th BSB (DCA)**
> 5 Day Action Officer Training: 14-18 Aug 00
> Prototype Development: 18-22 Sep 00

> Prototype Session 2:   **100th ASG/409th BSB (DOL TMP only)**
> 5 Day Action Officer Training - 21-25 Aug 00
> Prototype Development: 25-29 Sep 00

3. We will continue to work with CEAC on our training and software license requirements for Phases 2 and 3. We would like to restate that USAREUR will need a minimum of three 5-Day Action Officer courses to implement Phase 2 of our plan. We will address Phase 3 training needs at a later date.

4. We request 1 1-Day GO training session, and two each of the 3-day Enterprise training and 2-day Leadership sessions in the October timeframe.

5. We look forward to receiving the finalized ACSIM BOS ABC plan and confirmation that our October training request is approved. Point of contact for this action is Mr. Letourneau, DSN: 370-8383/7434, or email: letourneauc@hq.hqusareur.army.mil.

FOR THE DEPUTY CHIEF OF STAFF, PERSONNEL:

Encl

DEBRA D. ZEDALIS
Chief, Installation Management
Support Division

HQ USAREUR

COST MANAGEMENT/
ACTIVITY BASED COSTING (CM/ABC)
IMPLEMENTATION PLAN
FOR THE BASE OPERATIONS
BUSINESS AREAS IN USAREUR

Date: Jul 00

**COST MANAGEMENT/ACTIVITY BASED COSTING (CM/ABC)
IMPLEMENTION PLAN FOR THE BASE OPERATIONS
BUSINESS AREAS IN USAREUR**

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USAREUR BOS CM/ABC IMPLEMENTATION PLAN

1. PURPOSE. To establish the USAREUR ODCSPER implementation plan for deployment of Cost Management/Activity Based Costing (CM/ABC) in the USAREUR Base Operations (BOS) business areas. This plan:

    a. Establishes the framework for ASG, BSB and HQ USAREUR BOS functional proponents for implementation of BOS CM/ABC in USAREUR.

    b. Identifies roles and responsibilities for BOS CM/ABC implementation in USAREUR.

    c. Establishes BOS CM/ABC reporting requirements to HQ USAREUR.

2. USAREUR BOS CM/ABC END-STATE VISION. Fully deploy, where appropriate as determined by commanders and staff, CM/ABC in BOS areas throughout the USAREUR theater. Maintain and use CM/ABC as one of the tools for continuous process improvement in USAREUR BOS business areas.

3. USAREUR BOS CM/ABC GOAL. Continuously improve the cost, efficiency and effectiveness of BOS products and services in USAREUR.

4. USAREUR BOS CM/ABC OBJECTIVES. Improve understanding of BOS costs, streamline processes, improve effective/efficient use of resources, and increase customer satisfaction in BOS areas.

5. USAREUR CM/ABC CONCEPT OF OPERATIONS. In USAREUR overall proponent for ABC is ODCSRM. Proponent for implementation of ABC in BOS areas is ODCSPER.

    a. ASG/BSB commanders will use and apply BOS CM/ABC where appropriate to services in Engineering, Logistics, and Morale, Welfare and Recreation functional areas.

    b. For regionalized or centralized areas HQ USAREUR BOS functional proponents, ICW BOS commanders will assess and apply CM/ABC where appropriate.

    c. HQ USAREUR BOS proponents may identify further CM/ABC target areas and deployment sites and publicize information on efficiencies and process improvements achieved through CM/ABC efforts within their BOS functional areas.

    d. CM/ABC models built by ASGs, BSBs and HQ USAREUR BOS functional proponents must be readily maintainable within current and reinvested resources. Software and training on how to build ABC models will be provided by USACEAC.

e. Milestones for BOS Phase 1- Prototype Development, Phase 2- Expansion to Pilot Sites, and Phase 3 - Deployment to all ASGs and BSBs and training requirements is shown below. These milestones will be updated as necessary.

USAREUR BOS/ABC DEPLOYMENT PLAN AND TRAINING REQUIREMENTS

	PHASE 1 Prototype model development Completion Dec 00	5 – Day Action Officer Training Course	PHASE 2 Export of the prototypes to selected pilot sites/dates. Completion Dec 01	5 – Day Action Officer Training Course (Dates TBD)	PHASE 3 Deployment to all installations Completion Dec 04	5 – Day Action Officer Training Course (Dates TBD)
HQ USAREUR	DOL Transportation Motor Pool 100th ASG, 409th BSB (prototype) Date: 25-29 Sep 00	UHQ = 3 ASG= 7 (2 RM, 3 FP, 2 other) BSB = 10-15 20-25 seats Date: 21-25 Aug 00				
6TH ASG			DOL (TMP only)		DPW	
			DCA			
22D ASG			DCA			
			DOL (TMP only)			
			DPW			
26TH ASG						
233D BSB			DCA		DOL (TMP only) DPW	
293D BSB					DCA DPW DOL (TMP only)	-
411TH BSB	DCA Prototype. On site team from CEAC, AAA, USAREUR ORSA Date: 18-22 Sep 00	UHQ = 3 ASG= 7 (2 RM, 3 FP, 2 other) BSB = 10-15 20-25 seats Date: 14-18 Aug 00			DOL (TMP only) DPW	
415TH BSB			DOL (TMP only)		DCA DPW	
80TH ASG			DOL (TMP only)		DPW DCA	

	PHASE 1 — Prototype model development Completion Dec 00	5 – Day Action Officer Training Course	PHASE 2 — Export of the prototypes to selected pilot sites/dates. Completion Dec 01	5 – Day Action Officer Training Course (Dates TBD)	PHASE 3 — Deployment to all installations Completion Dec 04	5 – Day Action Officer Training Course (Dates TBD)
254TH BSB			DCA DPW		DOL (TMP only)	
98TH ASG						
235th BSB	DPW 235th and 98th personnel will attend the training offered at either the 100th ASG DOL, or 26th ASG DCA.	DPW 235th and 98th personnel will attend the training offered at either the 100th ASG DOL, or 26th ASG DCA.			DCA DOL	
279th BSB			DOL		DCA DPW	
280TH BSB			DCA		DOL DPW	
417TH BSB					DOL, DCA DPW	
100TH ASG						
282nd BSB			DOL		DCA DPW	
409TH BSB			DCA		DOL DPW	
104TH ASG						
221ST BSB			DCA		DOL DPW	
222D BSB			DOL		DCA DPW	
284TH BSB			DPW		DOL DCA	
414TH BSB					DOL, DCA, DPW	

Note: This plan is subject to change based on lessons learned during Phase 1 prototype development and subsequent expansion to selected sites.

USAREUR EXECUTIVE LEVEL TRAINING SCHEDULE

Type of Training	Option One	Option Two
General Officer – 1 Day	October 00 (approx 20 people)	November 00
Leadership Training – 2 Day (ASG/BSB Cdrs) 2 Classes	October 00 (approx 30 people per class)	November 00
Enterprise Training – 3 Day (MACOM/ASG/BSB Managers) 2 Classes	October 00 (approx 30 people per class)	November 00

NOTE: Earlier dates for senior leadership training not feasible due to prior commitments and commander rotation dates.

f. Reporting requirements for USAREUR BOS ABC is as follows:

(1) PHASE 1 – Prototypes: All ASGs/BSBs or HQUSAREUR staff organizations selected as Prototype sites will report information to ODCSPER, IMSD on a quarterly basis.

(2) PHASE 2 – Pilot sites: All ASGs/BSBs selected as pilot sites will report information to ODCSPER, IMSD quarterly. (# of software licenses required TBD)

(3) PHASE 3 – Full fielding: All ASGs/BSBs and HQUSAREUR staff organizations will report ABC activities quarterly. (# of software licenses required TBD)

(4) Reporting information will be as follows for all phases:

# Installations Managed	# Installations Where ABC Is Implemented And Actively Used for Cost Management
Total BOS Business Area Costs From Previous FY	# Installations Where ABC Is Implemented And Actively Used for Cost Management In All Mandated BOS Functional Areas
Total BOS Business Area Costs From Previous FY In Activities Where Cost Is Measured Using ABC	# ABC Models Planned
# Installations at Which ABC Implementation Is Planned	# ABC Models in Development
# Installations Where ABC Models Are in Development	# ABC Models Implemented and Actively Used For Cost Management

g. (This paragraph will address disposition of savings from implementation of ABC in USAREUR BOS areas; however, as this issue is still under discussion at HQs USAREUR. A paragraph will be added at a later date.)

h. USAREUR BOS functional proponents and ASG commanders will coordinate their ABC training and software requirements with ODCSPER, IMSD and IMSD will initiate action. Contractor services will not be used without prior coordination with ODCSPER IMSD.

6. USAREUR CM/ABC Implementation Roles and Responsibilties:

a. ODCSPER, Installation Management Support Division (IMSD) will:

(1) Serve as the HQ USAREUR BOS CM/ABC program manager.

(2) Develop, execute, and maintain the HQ USAREUR BOS CM/ABC implementation plan and report to HQDA as required.

(3) Establish HQ USAREUR BOS CM/ABC training requirements, software needs and determine and outline further sustainment criteria.

b. HQ USAREUR ORSA will: Provide consultant support on ABC to IMSD as requested.

c. ASG/BSB commanders, HQ USAREUR staff proponents, and Activity Managers will:

(1) Implement BOS CM/ABC where appropriate in their areas of responsibility, using ABC as a tool to foster continuous improvement throughout BOS areas within USAREUR.

(2) Coordinate training, resources, and software needs with ODCSPER IMSD as required.

(3) Report BOS CM/ABC efforts to ODCSPER IMSD as required.

(4) Sustain and maintain BOS CM/ABC models already developed where appropriate and deemed useful by the ASG commander and activity managers.